

FIFTIETH ANNUAL REPORT OF THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY.

To the Members of the Company:

The Northwestern Mutual Life Insurance Company was incorporated in 1857 and began active operations in the year 1858. Organized as a purely mutual company, without assets or capital stock, and in a region at that time sparsely settled and remote from business and financial centers, it required on the part of its founders a large faith in the future growth of the country and in the development which was possible to a conservatively and carefully managed life insurance company. The growth of the Company for many years was slow, its operations being confined principally to the western section of the country. After ten years of hard and continuous effort, the insurance in force was but \$36,529,333 and the assets were only \$3,126,197. The older and at that time larger and stronger companies of the Eastern States practically had a monopoly of the business in the rich and prosperous East. The business of the Northwestern from its inception to the present time has been conservatively conducted, both as to the character of the risks assumed and the quality of the assets in which the funds of the Company have been invested. The rate of expense incurred in its operations has always been low, for more than thirty years averaging lower than that of any other company operating in the United States. This saving in mortality resulting from care in the selection of risks, the high earning power of its assets and the large saving in the item of expenses have resulted in a low cost of insurance furnished. To such an extent have the superior merits of the Company been recognized that it has been enabled, without paying more than the business was actually worth to its existing membership, to extend its field of operations so as to practically cover the healthful portions of the United States. The results of its work in the financial and insurance centers of the East have been especially gratifying, the Company having at the present time about three hundred millions of insurance in force in the Eastern and Middle States. In its home State, Wisconsin, it has 31,814 policies, covering insurance to the amount of \$67,185,915, which is 27 1/2 per cent. of the total insurance carried in the thirty-five old line companies which, up to the beginning of the present year, were operating in this State.

It will be of interest to the members of the Company to note its continuous and almost uninterrupted growth for the last fifty years. The growth by ten year periods is as follows:

Year Ending	Policies in Force	Amount Insured	Assets
January 1, 1868	21,380	\$ 26,529,333	\$ 3,126,197
January 1, 1878	34,766	64,416,847	18,173,257
January 1, 1888	64,106	147,615,323	28,358,019
January 1, 1898	178,462	413,081,270	103,376,526
January 1, 1908	361,084	881,663,593	232,319,246

With the exception of the decade from 1868 to 1878, the insurance in force has more than doubled during each of the ten year periods of the Company's history, the increase during the last ten years being much greater than for any former corresponding period and amounting to \$468,482,223. Only five companies in the world have as much insurance in force as this Company has gained during the last ten years.

During 1907, the business of the Company reached its greatest development in all branches of its work. The new insurance paid for was \$102,233,634, which is nearly nine millions in excess of that of 1906, the largest previous year's business of the Company. The increase in the insurance in force as a result of the year's work was \$62,311,313, a larger increase than that of any company in the world. The remarkable proportion of increase in insurance in force to amount written not only for 1907, but for previous years, can only be accounted for by the satisfaction the policyholders have experienced in their dealings with the Company, resulting in a persistency in the membership which has not been equaled in the history of American life insurance. With one exception, the Northwestern has on its books to-day a larger percentage of the business it has placed than any other American company. The total income for 1907 was \$43,642,590.68; the total disbursements were \$29,893,226.96, an excess of income over disbursements of \$13,749,363.72.

The payments to policyholders during the year amounted to \$23,569,718.59, which were divided as follows:

Death Claims	\$7,909,316.48
Matured Endowments	2,021,402.61
Annuities	192,007.31
Surrender Values	5,535,705.71
Dividends	7,911,285.40

Special attention is asked to the last item, as the dividends paid by a life insurance company not only determine the cost of the insurance to the policyholder, but are to a very large extent a measure of the care and efficiency with which the investments are made and the degree of conservatism exercised in the acceptance of risks and the cost of placing new business. A high grade of assets, earning a rate of interest in excess of the reserve requirements; a low mortality, resulting from care in the selection of risks, and a rate of expense below that provided in the premium calculations enable a company to return a portion of the premium paid in the form of a dividend, the amount of the dividend being determined by the proportion the above factors bear to the premium paid. The dividends paid in 1907, \$7,911,285.40, are larger in amount than those paid by any other company in any year in this or any other country during the whole history of the business.

The rate of interest earned on the assets has always been largely in excess of the reserve requirements. The mortality of the Company has been favorable, the business being confined to such sections of the United States as show a favorable record as to health conditions. This, in connection with the rigid requirements of the Medical Department and the co-operation of the agency force in the selection of risks, has resulted in a mortality very much below the average experienced by all companies.

The expense of operation has always been kept at a minimum, and for a great many years has averaged lower than that of any other American company, and much lower than the average of all the companies. The Company has, in fact, reached its present magnitude without the sacrifice of any of the sound business principles with which it started on its career, and which have controlled its operations in all of its activities during the fifty years of its existence.

The assets of the Company have been kept up to the high average as to quality, which has always characterized them. The loans on bond and mortgage, always a favorite form of investment with this Company, amount to \$121,749,637.11, an increase for the year of \$10,817,581.80. The interest earned on this asset during 1907 was \$6,466,792.59, with interest due and unpaid at the end of the year of but \$13,456.01, or less than 1/4 of 1 per cent. of the total interest earnings. Further comment on the quality of the mortgage loans or the care with which they are made and supervised would seem to be unnecessary. The bond holdings of the Company consist of United States, State, county and municipal bonds and first mortgage railroad bonds, amounting, at market value, to \$70,120,257.70. The depreciation in the market value of all negotiable securities during the last year, culminating in the panic precipitated in October, caused a shrinkage in the market values of bond investments. The bonds held by this Company are all in the nature of long-term investments, are all earning adequate rates of interest, and are unquestionably secure as to the payment of interest, as well as principal at maturity. So far as the earning capacity of the bonds is concerned, it makes no difference at what value they are carried in no way affecting their interest-earning capacity or their security as an investment. At the close of the year none of the bond holdings of this Company were in default in payment of either principal or interest due.

The real estate owned by the Company, amounting to \$2,293,123.69, consists of the Home Office Building, valued at \$852,080.87, and real estate acquired under foreclosure of mortgage loans amounting to \$1,441,042.82. The latter item, after paying all expenses of maintenance, repairs, taxes, etc., yielded a net income of over 4 1/2 per cent.

The loans to policyholders on the sole security of their policies increased during the year \$5,348,786.71, and now amount to \$20,211,321.71. The value of the sinking fund provided by a life insurance policy, which may be drawn upon in emergencies, has been tremendously emphasized by the occurrences of the last few months. Many business enterprises have been saved during the money stringency by the use of funds made available by life insurance policies. Loans made within the last few months have already been repaid, the policyholders evidently being anxious to retain their policies intact, as their value has been more apparent by their recent experience.

The total assets of the Company amount to \$232,819,246.07, an increase for the year of \$11,717,532.62, notwithstanding the temporary decline in the market value of the Company's bond holdings.

One of the leading Insurance Commissioners of this country has said in his Report, just issued:

"The policy contracts of the American life insurance companies are the most liberal in the world. This has been achieved by the companies themselves, without any State or national legislative interference. Competition alone has brought this about."

For many years this Company has occupied a foremost place in its willingness and ability to meet the new and changing conditions of American life with appropriate provisions in its policy contracts, and while the Legislatures of many of the States last year enacted laws governing the forms and provisions of policy contracts which may be issued in such States, the Company has been enabled by a few verbal changes to retain, practically intact, so far as its benefits and privileges are concerned, the policy contract which it has been issuing since 1902, and which, perhaps, as much as any other one thing, has contributed to its exceptionally large business during the last few years, and especially during 1907.

It is interesting to sum up the work of half a century of progress and achievement. During its fifty years of service the Company has received from the policyholders in premiums \$427,419,593.03. It has paid out in that time to representatives of deceased policyholders in death claims \$102,402,212.02; to living policyholders for dividends, matured endowments, surrendered policies, annuities, etc., \$138,238,670.12—a total payment to its members of \$465,650,782.15. The present assets of the Company, which are held for the benefit of its members and to insure the payment at maturity of their policies, amount to \$232,819,246.07, which, added to the amount paid to policyholders, gives the enormous sum of \$475,500,028.21. The Company has been enabled by successful investments, resulting in large interest returns; by care in the selection of risks and economy in all branches of its work; to pay all expenses incident to the conduct of the business and return to and hold for its policyholders \$46,106,084.80 in dividends from them.

For information as to rates, policies or agencies, address
T. A. CARY, General Agent for Virginia and North Carolina,
601 Mutual Assurance Society Building, Richmond, Va.



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REAL ESTATE AND BUILDING NEWS

(Continued from First Page.)

cent good sales in the West End aggregating about \$10,000. Messrs. Mosley & Corling also report good sales in the western part of the city aggregating more than \$10,000. This firm has recently added fire insurance to their business and has accepted the agency for a strong Western company.

Mr. W. C. Blanton is one of the agents who is reported to have handled one of the big transactions referred to above. Being asked about it yesterday, Mr. Blanton said, "I have sold a good bunch of property this week, but until the deeds have been carried to the court and the principals in the transactions have been consulted I would rather not give out the particulars."

A. J. Channing Company report the following sales during the past week: No. 305 West Grace Street to Dr. J. A. Keck, for \$7,500; No. 207 West Clay Street to Mr. J. S. Liebert, for \$2,200; No. 24 West Leigh Street to Isaac Law, for \$4,000; No. 10 North Fifth Street, for \$1,150; No. 711 North Fourth Street, for \$2,200; No. 2810 P Street, for \$750.

In the Suburbs. Building operations will be very active in the suburbs as soon as weather permits.

In addition to the many new houses now being built in Glinter Park, plans have been or are now being prepared for at least twenty other subdivisions of them being for very handsome residences. It is now possible to build for considerably less money than it was last year, and many are availing themselves of the lower prices. As labor is now plentiful, it is easy to pick and choose among the best mechanics, who know how to do their work. These conditions are bound to stimulate and encourage building.

Such rapid strides have been made in the building up of Glinter Park that the visitor who sees it now for the first time in two years, does not recognize the locality.

Postponed Country Sale. Mr. Charles A. Rose was to offer at auction the very desirable hunting farm at Belona, Powhatan county, Va. on Thursday last, but owing to the inclemency of the weather the sale had to be postponed, and the property will be sold next Thursday, the 13th, at 4 P. M.

Farms in this part of Virginia are increasing in value every day. On account of its many advantages, both Mr. Rose and the owner expect to get a good price for this place.

MAKE NEW ENGLAND IN HEART OF AFRICA

(Continued from First Page.)

practically no white settlers except at Mombasa, and it is only on this high plateau that they are as yet attempting to live.

The Governor Talks. But let me continue my description in the words of the man who governs the country. My conversation took place in a long, blue, iron-roofed building, known as the commissioner's office, situated on the hill above Nairobi. I had asked as to British East Africa's future. Mr. Jackson replied:

"It is all problematical. We have an enormous territory and millions of people. We have not yet prospected territory, nor have we dealt long enough with the natives to know what we can do with the people. We have really no idea as yet as to just what our resources are, and as to the labor we can secure to exploit them."

"Give me some idea of the character of these natives, your excellency," said I.

"They are of many tribes, each having its own character and customs. Among them are the Masai, a pastoral people who deal altogether with cattle. The Masai are noted for their warlike propensities, and in the past their children were trained up to be warriors. Then there are the Waktuyus, who have agricultural tendencies. They have small farms and are industrious. They live all about here, and you will go through their country as you walk to Lake Victoria. In addition, there are the Nandi and many other natives, who are both farmers and stock rearing."

"They have practically no wants. A strip of cotton cloth suffices for the clothing of a man, and he can own enough for his food in a very short time. Before we can do much with these people we must make them have wants and give them the desire for accumulation. We must begin right at the bottom, and it will be a long time before we can turn them into consumers of foreign goods or into a valuable laboring class. Indeed, our natives are much more in these respects than those of Uganda. There the people cover their bodies with clothes of one kind or another. They are intelligent and many of them will work to get money."

How About White Men. "How about your white settlers? Will this country ever be inhabited by Caucasians?"

"That, again, is difficult to say," replied the conservative governor. "We have a few European settlers already, but whether we can make this colony a second South Africa remains to be seen. I have lived here for over twenty years, and I am not sure as to how far any white man can do hard manual labor in this latitude. It is true we are more than a mile above the sea, but nevertheless we are on the equator, and the equator is not fitted for the white man. The only Europeans who will succeed here will be those who

bring some money with them, and who will use the native labor in their work. I don't think any settler should come to East Africa, without he has as much as \$2,000, reckoning the amount of your money. He should have enough to buy his land, stock, to build his house, and then have something to go on. He should not start out with a very small tract, most of the grazing lands are now being divided up into tracts of 5,000 acres, and we are selling tracts of 1,000 acres at 65 cents per acre. If a man takes the first thousand and pays for it, the other 4,000 he has for him subject to certain improvements and developments upon the first thousand. After these are completed he may buy the remaining tract at the price per acre of the first thousand acres."

Big Land Owners. "I understand much of your land is being taken up in large holdings." "That is so to a certain extent," replied Mr. Jackson, "but we are now discouraging such allotments, and would rather have the land apportioned in tracts of from 640 acres to about 5,000 acres each. If the land is for grazing, the larger area is desirable. If it is for grain farming or dairying, it is better that it should be small. As to our large land holders, the British East Africa Company owns about 500 square miles. Lord Delamere has about 100,000 acres, and Lord Hindlip a little less. There are a number of settlers who have 20,000 acres or more."

Insects by Millions. "How about your ranching possibilities? I understand that your stock growers expect to found a great meat industry here which will crowd our Chicago packers out of the markets of England."

"I do not think there is room for alarm about that matter as yet," replied the official. "This country is

enough to pay for their mining. This whole country is volcanic. We lie here in a basin surrounded by volcanoes. We have Mount Kenia on the north, Kilimanjaro on the south, and Mount Elgon away off to the northwest. The eruptions of these mountains have been comparatively recent, and some believe that they have buried the precious metals so deep down in the earth that we shall never get at them."

"How about your timber?" "We have fine forests, containing both hard and soft woods, and among them a great deal of cedar such as is used for making cigar boxes and lead pencils. The most of such wood, however, is inland and at a long distance from streams upon which it could be floated down to the sea. At present, our timber resources are practically inaccessible by railroad. This is especially the case with the forests of the Kenia province, which contain very fine woods."

\$50,000 for Hunting Licenses. "How about your game? Is this country to continue to be the chief game preserve of the world?"

"That question I am not able to answer. We charge, you know, for the right to shoot here, and we took in about \$10,000 for such licenses last year. That is about \$50,000 of your money, but the game is so numerous that the animals killed have made no visible diminution in the supply."

"I doubt whether there is a place on earth where there are so many kinds of game as in British East Africa," the commissioner continued. "We have vast herds of antelopes, gazelle and other wild animals. We have so many zebras that they have become a serious plague to the farmers and stockmen. They move about in herds of hundreds, and sometimes of thousands. They are easily frightened, and if they become panic-stricken, will go off on the gallop, rushing against the wire fences about the farms and breaking them down. They will run right into barbed

wire with such force as to tear it from the staples and crack off the posts. At present we have great game preserves where no shooting can be done. This is the case along the railroad, and the animals seem to know it and make that their chief grazing grounds."

"How about lions?" "We have plenty of them," was the reply, "but the hunters look upon lion shooting as the best of sport and many of the savage beasts are killed every year. The same is true of the rhinoceros and the hippopotamus, which are found in many parts of East Africa."

A Land of Coffee. Speaking of the possibilities of British East Africa, it may be one of the coffee lands of the future. Several plantations have been set out not far from here, and they are doing well. There is one coffee estate within five miles of Nairobi, which belongs to the Catholic Mission of the Holy Ghost. I rode out on horseback yesterday over the prairie to have a look at it. The way to the estate is through ferny fields, which are spotted here and there with the galvanized iron cottages of English settlers. As I rode on I saw many humped cattle grazing in the pastures. The grass is everywhere tall and thick, and the red soil, although not much cultivated as yet, seems rich."

Arriving at the plantation, I was met by Father Tom Burke, and walked with him through his coffee plantation. It covers altogether something like 8,000 acres, and has many more than 8,000 trees in full bearing. The yield is good, and the plantation is now supplying not only the town of Nairobi with all the coffee it needs, but it is shipping several tons every year to Europe. Father Burke tells me that the coffee trees begin to bear at a year and a half, and that they are a full bearing within about four years. The ripening season is long and the berries have to be picked many times.

Where Men Work for Nickel a Day. While on this plantation I saw many half-naked negroes at work in the fields. They were Waktuyus, and were really fine-looking fellows. They were clearing new ground, chopping down the weeds with mattocks, and digging up the soil and turning it over. The sweat stood in beads upon their brows and bare backs, and it also ran down their bare legs. I asked the father as to their wages, and was told that they get each received four rupees a month.

I hear this same statement made everywhere. The English people here think that the native Africans are well enough paid at the rate of a half-cent a day for carrying bricks or stone, or chopping up ground under the eyes of a taskmaster, or for trotting along through the grass, hour after hour, with a load of sixty pounds on your head. "Think of it, and you will get an idea of how the English white man here is carrying the black man's burden. Indeed, as the Japanese say, it is to laugh!"

Diamond Bargains. SULLIVAN'S AD. WANT AD. PAGE.

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CORSET COVERS	LONGCLOTH DRAWERS	NAINSOOK CHEMISE	French Hand-Made Garments
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